

## **MINUTES**

### **Subcommittee on Conservation and Demand Side Management Joint Finance-Appropriations Committee Room September 6, 2006 9:30 a.m.**

The meeting was called to order at 9:30 a.m by the Co-chair Representative Maxine Bell. Other members present were Co-chair Senator Patti Anne Lodge, Senator Tom Gannon, Senator Kate Kelly, Representative Elaine Smith (via telephone), Randy Purser, David Hawk, Ken Baker, Ric Gale, Corrie Hugaboom, Harold Heydt, and Lynn Tominaga. Representative Eric Andrus was absent and excused. Legislative Services Office staff present was Mike Nugent.

Other persons present were Mike Hunnington, Intermountain Gas; ; John Eaton, Idaho Association of Realtors; Bob Hoppie, Gerry Galinato and Ken Eklund, Idaho Energy Division; Kelci Karl, Idaho Association of Counties; Jean Frenette and Ingo Stroup, Division of Building Safety; Wendy Eklund, Concerned Citizens; John Bernardo, Albertsons; Dennis D. Davis, IDABO and City of Nampa; Ron Williams, ICUA; Dar Olberding, IGPA, Ridgeline Energy; Ken Miller, NW Energy Coalition; and Russell Westerberg, Westerberg and Associates.

Mr. Baker said on the summary of the August 23 meeting he did not remember using the term “declining block rates.” The sentence “Declining block rates are a disincentive.” was voted to be deleted by consensus.

Mr. Ingo Stroup of the Division of Building Safety discussed building and energy codes in the state. Mr. Stroup said most jurisdictions have adopted the 2003 Uniform Building Code. He said there is a problem with consistent enforcement and training of local building inspectors.

Mr. John Eaton of the Idaho Association of Realtors said there had been a meeting on September 5 among various stakeholders and the Division of Building Safety about the proper mechanism to adopt and enforce building and energy codes. Mr. Baker said this stakeholder committee would prefer to see legislation brought forth adopting the 2006 codes and save the Division from negotiated rulemaking. Mr. Frenette said he would prefer to see the Division go forth with rulemaking proceedings.

The subcommittee then discussed whether state or other public buildings ought to be built to a higher code than private structures. Mr. Dennis Davis, City of Nampa, discussed issues and concerns with local building officials being trained sufficiently for building and energy code inspections. Senator Kelly asked if there were safety concerns outside the energy arena. Mr. Davis said in some areas there are. He cited a new school that was built in Rigby that was not up to code and is having to be remediated. In response to a question from Senator Lodge, Mr. Davis said City of Nampa building inspectors have worked with the local school districts in planning and constructing new schools.

Senator Gannon said that in most instances, casualty insurance requires life safety code compliance on new construction. He also said that any legislation adopted regarding energy conservation and demand side management needs to have a strong education and evaluative package.

Mr. Gale said there are perhaps three options to achieve energy efficiency. 1. Do nothing as the market place will cause energy efficiency. 2. Tax credits for persons or entities constructing up to a certain standard or retrofitting a building. 3. Mandates on utilities and consumers.

Mr. Tominaga said perhaps a fund could be set up for the education component with the moneys coming from an assessment on utility bills or the general fund.

Mr. Hawk opined that new homes could be constructed with a stricter code. Regarding old homes and buildings, the PUC could provide incentives and tariffs. He also said cost effective cogeneration should be embraced.

Mr. Davis said that something that worked in the past was the Bonneville Power Administration has an energy code and a residential energy star program. He said it would be a big help if there was a certification for energy building inspectors.

Mr. Hoppie presented draft legislation that would update the legislation passed in the late 1970's to provide an income tax deduction if homes were built to a certain energy rating or existing homes were retrofitted.

Mr. Baker said perhaps we needed a cap on the amount of the deduction saying it would be \$1.50 per square foot up to a maximum of 2,500 square feet. Also the question was asked if this could apply to commercial buildings and Mr. Hoppie said it could if rewritten slightly.

Mr. Hawk said if the Legislature mandated increased standards, would a deduction be necessary. Mr. Hoppie said that would be the most practical way to go, but absent a mandatory energy code, income tax deductions might be a step to provide incentives for energy conserving and demand side management behavior.

The subcommittee questioned if they should recommend deductions if people purchased energy star appliances.

The subcommittee next heard from John Bernardo of Albertsons about a store the corporation had just built in Worcester, Massachusetts and the various energy saving and demand side features the store had. Mr. Bernardo indicated that these features were business driven. He indicated that 30 Albertsons stores are energy star certified and 60 more are in the process. Mr. Bernardo indicated the Worcester store would save 112,000 gallons of water and eleven percent of its annual energy production would be saved.

Senator Kelly discussed the energy saving features at the new Ada County Courthouse. Mr. Ken Eckland said an important component of the Ada County Courthouse was building commissioning and that LEED Silver does not require commissioning. He indicated some energy problems with the new Water Center because commissioning did not occur. Mr. Baker said it was important to provide education to everyone about energy savings and have either building codes adopted or energy efficiency campaigns.

In response to a question from Senator Kelly, Mr. Hunnington explained some obstacles currently in place for Natural Gas Utilities to promote conservation. He said the way the structure is set up currently, his company would have to spend money to encourage people to conserve and then the company takes in less money because they sell less.

After discussion, the members of the subcommittee came to consensus on the following:

### **Conservation and Demand Side Management Policy Statement**

In order to protect and enhance Idaho's quality of life, it is incumbent on all citizens to use Idaho's precious natural resources, including energy, in a wise and responsible manner.

The meaning of the wise use of all energy sources is captured in the understanding that each unit of energy which is not used, or is used more efficiently has a positive effect on current cost and the availability of energy for future generations. Through leadership, education, communication and action the citizenry will leave a legacy of the acceptance of energy responsibility to Idaho, neighboring states and emerging economies.

### **Action Items**

The Idaho Public Utilities Commission should encourage all Idaho utilities to fully incorporate cost-effective conservation, energy efficiency and demand response as the priority resources in their Integrated Resource Plan planning.

On a three-year cycle, the State of Idaho should adopt international building codes as a minimum for building energy efficiency standards.

Market transformation programs should be supported if accountable as found by the IPUC.

There is a role in rate design that encourages energy efficiency.

### **State Government will:**

1. Demonstrate leadership by promoting energy efficiency, energy efficient products, use of renewable energy and fostering emerging technologies by dramatically increasing energy efficiency in all facets of State government.
2. Collaborate with utilities, regulators, legislators and other impacted stakeholders to advance energy efficiency in all sectors of Idaho's economy.
3. Work to identify and address all barriers and disincentives to increased acquisition of energy conservation and efficiency processes and providers.
4. Educate government agencies, the private sector and the public about the benefits and means to implement energy efficiency.

5. Consider the situation and insure there is monitoring and feedback to ascertain what is working with the state energy policy. There needs to be an evaluative process to keep the plan and effective.